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China bans cryptocurrency ICOs

The country's central bank says Initial Coin Offerings are "disrupting" financial order.

By Charlie Osborne for Between the Lines | September 5, 2017 -- 10:04 GMT (18:04 GMT+08:00) | Topic: Innovation

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China has clamped down on cryptocurrency trading and financial deals away from the central bank by banning Initial Coin Offerings (ICOs).

ICOs have been hyped as the next big thing in the world of cryptocurrency. The offerings, also known as token sale events, are an unregulated way for startups and established businesses to raise funds.

In return for investor cash, the organizations involved offer virtual coins -- recorded over the blockchain -- rather than traditional company stocks and shares. These coins, such as Bitcoin or Ethereum, can then be traded on cryptocurrency exchanges.

However, China has had enough of dealings not under the censorship-heavy country's control. A recent ruling from the People's Bank of China called ICOs "illegal" and as the offerings are often based on speculation, regulators say they are likely linked to "illegal financial activities [which] seriously disrupt the economic and financial order."

In a statement (http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3374222/index.html), the Chinese central bank said that ICOs are "essentially a non-approved illegal open financing behavior, suspected of illegal sale Tokens, illegal securities issuance and illegal fund-raising, financial fraud, pyramid schemes and other criminal activities." In addition, the regulators claim that ICO events have caused "market chaos."

This is how China views the events, at least. ICOs can also provide much-needed finance to get a startup off the ground, but do not come without risk.

There is the possibility of scams, but in recent times, it is cybersecurity issues which have caused the most heartache for would-be investors attending ICOs.

In July, the CoinDash ICO dissolved into chaos when a hacker compromised the organization's website and fraudulently made off with $7.4 million (http://www.zdnet.com/article/hacker-steals-7-4m-in-ethereum-during-coindash-ico-launch/) of investor funds, Veritaseum lost $8.4 million at the firm's ICO, and a similar attack followed against Engima in which at least $500,000 in Ethereum (http://www.zdnet.com/article/enigma-ethereum-marketplace-hijacked-by-attackers/) was stolen.

See also: Hackers strike Ethereum again, slink away with over $30 million (http://www.zdnet.com/article/hackers-strike-ethereum-again-slink-away-with-over-30-million/)

The central bank has demanded that any ICOs operating from China must stop immediately, and if ICOs have already taken place, organizations and individuals behind them must now make arrangement for returns and refunds. If this is not completed, Chinese law enforcement will investigate and if necessary, prosecute.

"Any so-called tokens financing trading platform shall not engage in the exchange of legal currency and tokens, "virtual currency", and may not be traded or sold as a central counterparty to sell tokens or "virtual currency," the bank states.

This should not prevent Chinese investors from being able to join in ICOs, but they must be willing to use overseas platforms -- and China-based ICOs will no longer exist unless the new laws are relaxed in the future.

However, the ruling will likely stop the recent uptick in Chinese ICO activity. In July and August this year, with roughly $766m (https://www.ft.com/content/3fa8f60a-9156-11e7-a9e6-11d2f0ebb7f0) was raised through the events during only these two months.

China is not the first country to view ICOs with trepidation. The US Securities and Exchange Commission (SEC) is currently debating (http://www.zdnet.com/article/us-decrees-ethereum-cryptocurrency-as-securities/) whether token sales should be bound by federal securities laws, as coins may represent company shares or voting rights.

"The SEC is studying the effects of distributed ledger and other innovative technologies and encourages market participants to engage with us," said SEC Chairman Jay Clayton. "We seek to foster innovative and beneficial ways to raise capital, while ensuring -- first and foremost -- that investors and our markets are protected."
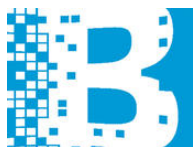
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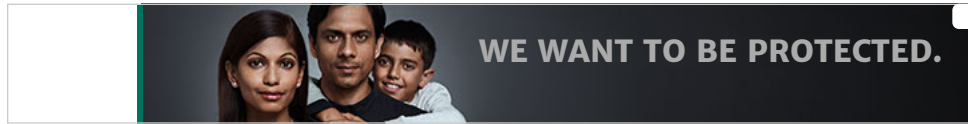7 comments • a day ago

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Here's how you can still get a free Windows 10 upgrade

Microsoft's much-hyped free upgrade offer for Windows 10 ended in 2016, right? Not exactly. The GWX tool may be gone, but all the other upgrade tools still work, and the end result is an apparently valid digital license. But those offers could end soon.

By Ed Bott for The Ed Bott Report | January 16, 2018 -- 19:20 GMT (03:20 GMT+08:00) | Topic: 2017: The Year's Best Tech for Work and Play

Everyone knows the free upgrade offer for Windows 10 ended on July 29, 2016, right?

That's when Microsoft officially ended the Get Windows 10 program (http://www.zdnet.com/article/what-happens-free-windows-10-upgrades-after-july-29-2016/) and, to the relief of many, stopped forcing the GWX tool onto the PCs of unsuspecting users who were perfectly happy with their current version of Windows and had no desire to upgrade.

Update (Nov 3 2017): Microsoft quietly announces end of last free Windows 10 upgrades (http://www.zdnet.com/article/microsoft-quietly-announces-end-of-last-free-windows-10-upgrades/)

As of July 30, 2016, the upgrade notifications stopped and the GWX app began disappearing. In theory, that means the only way to get a Windows 10 upgrade is to pay for it.

The funny thing is, no one told the folks who run Microsoft's activation servers. Which means today, nearly 18 months after the free upgrade offer supposedly ended, you can still upgrade to Windows 10 from Windows 7 or Windows 8.1 and claim a free digital entitlement, without being forced to jump through any hoops.

You can also still upgrade Windows 10 Home to Windows 10 Pro by using a product key from a previous business edition of Windows 7, 8, or 8.1 (Pro/Ultimate). That can save you $50-100 in OEM upgrade charges if you buy a new PC with Windows 10 Home preinstalled. (For details, see How to upgrade from Windows 10 Home to Pro without hassles (http://www.zdnet.com/article/going-pro-how-to-upgrade-windows-10-home-without-hassles/).)

In this post, I'll cover the basics of a Windows 10 upgrade. I'll also talk about the licensing issues involved, which are (as always) confusing.

HOW TO UPGRADE AN OLD PC TO WINDOWS 10

In early 2017, I recycled an Intel small-form-factor PC that had previously been working full-time in the living room, running Windows Media Center on Windows 7 Ultimate. When I finally pulled the plug on Media Center after the release of Windows 10, I had put this little device on a shelf.

The GWX utility had never been installed on this PC and it had never been offered a Windows 10 upgrade via Windows Update.

As part of my digital clean-up, I decided to run the Windows 10 upgrade from Windows 7. I fully expected that after the upgrade was complete, the system would fail activation and I'd be asked for a product key.

Imagine my surprise when, instead, I was greeted with this screen.

One digital license, no product key required.
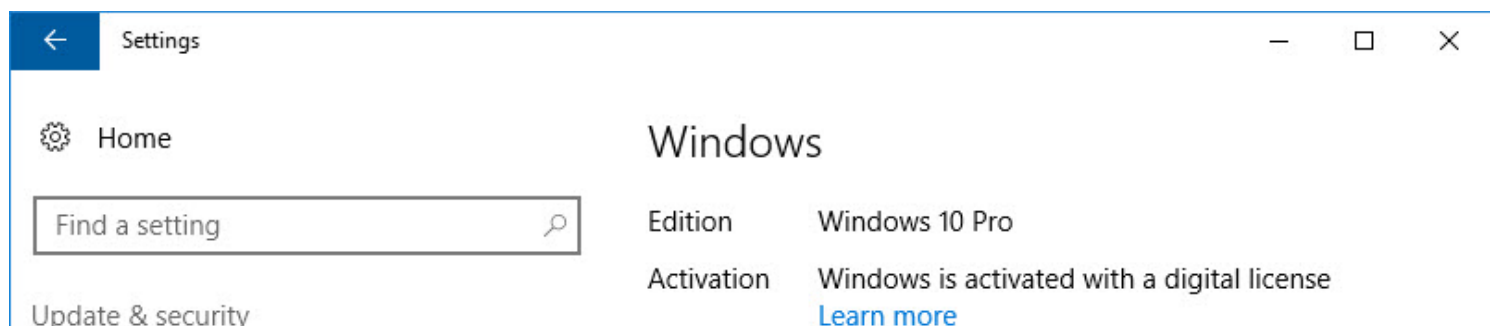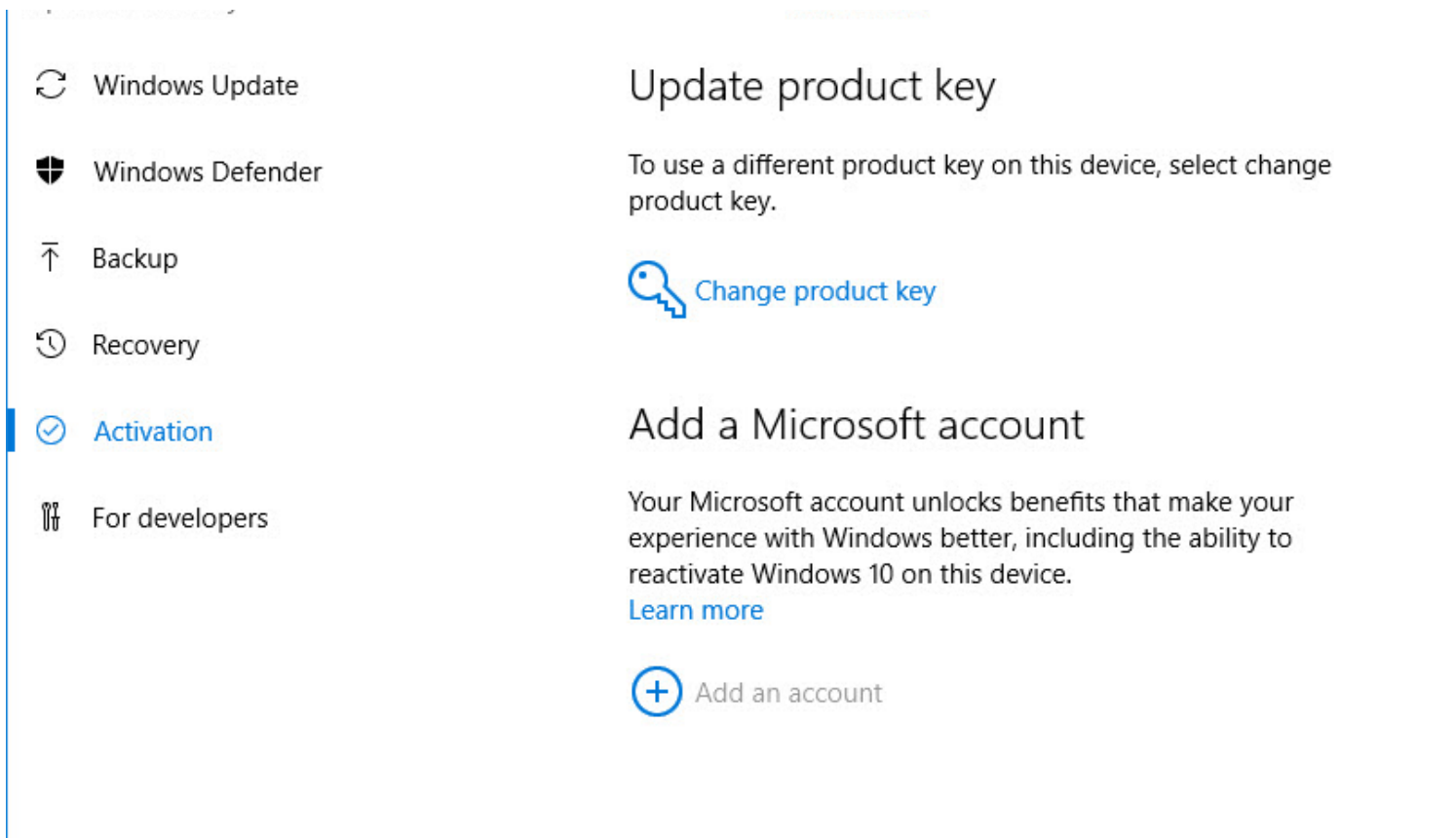
I confirmed the same sequence on two different virtual machines, both created from scratch and running clean, fully activated installs of Windows 7 and Windows 8.1, respectively. I've repeated those steps on test PCs at least monthly since the release of the Creators Update in April 2017 and the Fall Creators Update in October 2017, and I continue to receive confirmation from people who've seen the same results on their home or office PCs.

If you have a PC running a "genuine" copy of Windows 7/8/8.1 (properly licensed and activated), you can follow the same steps I did to upgrade it to Windows 10.

To get started, go to the Download Windows 10 (https://www.microsoft.com/software-download/windows10) webpage and click the **Download tool now** button. After the download completes, run the Media Creation Tool.

You can upgrade directly using this tool, or create separate media.

If you've downloaded the Media Creation Tool on the machine you plan to upgrade, and you plan to upgrade one and only one PC, you can choose the **Upgrade this PC now** option and be done with it.

If you're running the tool on a different PC, or if you just want more flexibility, choose the second option and save the installation files to a USB drive or as an ISO file.

After the download is complete, double-click the ISO file to mount it and open a File Explorer window; or, if you chose the option to create a bootable drive, open the USB flash drive in File Explorer and run Setup from there.

Then just follow the prompts to complete the upgrade. You will not be asked for a product key, and when the upgrade is complete and you've connected to the Internet, you'll have a digital license to Windows 10, which you can confirm by going to Settings > Update & security > Activation.

The digital license is associated with that specific device, which means you can reformat the disk and perform a clean installation of the same edition of Windows 10 anytime. You won't need a product key, and activation is automatic.

Ed Bott's 10 most popular Windows 10 tip... (/pictures/ed-botts-10-most-popular-windows-10-tips/)

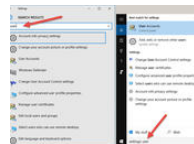**SEE FULL GALLERY** (/pictures/ed-botts-10-most-popular-windows-10-tips/)
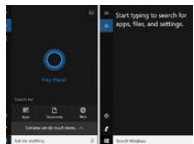
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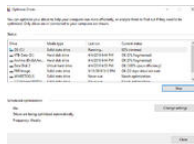
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IS YOUR LICENSE VALID?

And now the big question: If you avail yourself of this upgrade, is the resulting license valid?

The entire "free upgrade" offer was always accompanied by language that was, to put it politely, a bit squishy. And the language around the end of that offer is similarly vague. For example, see the answers I've highlighted here on Microsoft's Windows 10 Upgrade FAQ (https://support.microsoft.com/en-us/help/12435/windows-10-upgrade-faq):

The wording here is remarkably vague.

That's very odd language. The free upgrade *through the Get Windows 10 app* ended on July 29, 2016. Likewise, the discussion of product keys says a key will be necessary "for this tool to work" (not true) but doesn't say a word about licensing.

And unlike the weasely "Genuine Windows" label on older upgrades, the activation screens for a Windows 10 upgrade specifically confirm the existence of a "digital license."

Anyway, the free upgrade offer was extended, at least for people who use assistive technologies. The FAQ on a separate page (https://www.microsoft.com/en-us/accessibility/windows10upgrade) even calls it a "free upgrade offer extension" and pointedly notes that it is not limited to specific assistive technologies.

Personally, I'm a regular user of one assistive technology, the Magnifier built into Windows, which can be triggered by pressing Windows key + plus sign. That makes me eligible for a free upgrade on any device I use. Clicking the Upgrade Now button on that page (https://www.microsoft.com/en-us/accessibility/windows10upgrade) kicks off an Upgrade Assistant that is functionally identical to the one used by the old GWX app.

Of course, I'm not a lawyer, and this column isn't legal advice. But I will say that I am personally confident in the activation status of any PC upgraded using the tool on this page.

This extension was, I think, a very large nod and wink, designed to make it easy for those who wanted a Windows 10 upgrade to still get it while placating the OEM partners who were none too happy about the year-long emphasis on upgrades rather than new PC sales.

Alas, I say "was," because the extension (which was itself extended) officially ends on January 16, 2018 (https://www.techrepublic.com/article/windows-10-free-upgrade-todays-your-last-chance-to-get-it/).

The big question now is whether Microsoft will finally turn off the code on its activation servers that dispenses digital licenses after an upgrade from an earlier Windows version. I'll begin testing that scenario on January 17, 2018, and I also expect to hear from readers sharing their experiences.

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